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FM AMEMBASSY TOKYO

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INFO RUEKJCS/SECDEF WASHDC PRIORITY

RHEHAAA/THE WHITE HOUSE WASHINGTON DC PRIORITY

RUEAWJA/USDOJ WASHDC PRIORITY

RULSDMK/USDOT WASHDC PRIORITY

RUCPDOC/USDOC WASHDC PRIORITY

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RUYNAAAC/COMNAVFORJAPAN YOKOSUKA JA

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UNCLAS SECTION 01 OF 11 TOKYO 001910

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SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS 08/19/09

Index:

- 1) Top headlines
- 2) Editorials
- 3) Prime Minister's daily schedule (Nikkei)

Election surveys:

- 4) Asahi survey finds that reform spirit of 2005 election has disappeared in the campaigns for 2009, with both LDP and DPJ returning to fiscal spending pattern (Asahi)
- 5) Tokyo Shimbun questionnaire finds more than half the voters support the DPJ policies on jobs, pensions, and the economy (Tokyo Shimbun)
- 6) Survey shows DPJ tends to attract voters over thirty years old, while LDP attract those in 20s who favor the underdog (Tokyo Shimbun)

Election campaign begins:

- 7) Prime Minister Aso focusing speeches on theme of protecting Japan as a total of 1,374 candidates hit the streets campaigning in Lower House election (Yomiuri)
- 8) Increase of 986,000 register to vote in upcoming election (Asahi)  
6
- 9) Interview with Prime Minister Aso: Will stay on if party wins a majority (Asahi)
- 10) Liberal Democratic Party (LDP) candidates tend to be hereditary; Democratic Party of Japan (DPJ) candidates are young and include many women (Sankei)
- 11) Bureaucrats have less resistance to running in Aug. 30 election on DPJ ticket (Mainichi)
- 12) Average age of Lower House candidates is 50.7 years (Mainichi)

- 13) Naoki Tanaka running as a DPJ candidate (Mainichi)
- 14) DPJ candidate list strongly reflects Ichiro Ozawa's imprint (Yomiuri)
- 15) Hatoyama agreeable to have other opposition party members in his cabinet (Yomiuri)
- 16) 70% of voters see the economy as the main campaign issue (Yomiuri)

17) WTO panel accepts Japan's assertion about unfairness of U.S. antidumping measure (Nikkei)

**Articles:**

**1) TOP HEADLINES**

**Asahi:**

Campaigning for Lower House election kicks off, with focus on fiscal resources, steps to implement policies

**Mainichi:**

DPJ candidates outnumber LDP's in Lower House election for first time

**Yomiuri & Sankei:**

1,374 file candidacy for the Lower House election

**Nikkei:**

Toyota Motor to procure batteries for hybrid cars from Sanyo Electric

TOKYO 00001910 002 OF 011

**Tokyo Shimbun:**

Ex-Korean leader Kim Dae Jung dies

**Akahata:**

Let us open up future of Japan under JCP

**2) EDITORIALS**

**Asahi:**

- (1) 2009 general election: Put plan for national memorial facility into practice
- (2) Death of Kim Dae Jung: Japan, South Korea urged to open up new era

**Mainichi:**

- (1) Kim Dae Jung contributed to giving shape to South Korea in turbulent age
- (2) Irregular employment: Pursue agreement, rather than conflict

**Yomiuri:**

- (1) Start of official campaigning: Let us examine plans for new administration, policies

**Nikkei:**

- (1) Uncertainty still looming over Japanese economy, although worst period is over
- (2) We mourn for Kim Dae Jung, who changed South Korea

**Sankei:**

- (1) Japan may go with goal of 25% cut in greenhouse gas emissions
- (2) Death from new flu: Take measures to protect those with existing conditions

**Tokyo Shimbun:**

- (1) We want to hear impressive words in Lower House election campaigning
- (2) Death of Kim Dae Jung: Merits and demerits of Sunshine Policy offset each other

**Akahata:**

- (1) We must consider politics after LDP-New Komeito government is ousted

**3) Prime Minister's Official Residence (Kantei)**

Prime Minister's schedule, August 18

NIKKEI (Page 2) (Full)  
August 19, 2009

08:04

Took a walk on the grounds of his official residence.

11:12

Delivered a stump speech at the north exit of JR Hachioji Station.

12:47

Delivered a stump speech at the east exit of Higashi-murayama Station on the Seibu-Shinjuku Line.

13:15

Dined with Upper House member Masaharu Nakagawa at a sushi TOKYO 00001910 003 OF 011

restaurant in Higashi-murayama.

15:18

Delivered a stump speech at the east exit of JR Akabane Station.

16:31

Delivered a stump speech at the north exit of Nerima Station on the Seibu-Ikebukuro Line.

17:41

Returned to his official residence.

19:22

Appeared on an NHK program at LDP headquarters.

20:11

Returned to his official residential quarters.

#### ELECTION SURVEYS

4) Poll: LDP, DPJ opt for more public spending

ASAHI (Page 1) (Abridged)  
August 19, 2009

The Asahi Shimbun and University of Tokyo Professor Masaki Taniguchi's office conducted a joint survey to probe the awareness of candidates running in the general election for the House of Representatives. The last general election in 2005 focused on structural reforms. However, the general election this time appears quite different from the last election, with the political parties and their candidates having backed down from their one-time battle of words over structural reforms. The survey also found that each political party's candidates were now focusing on issues differing from those raised by candidates running from other parties. A total of 1,374 candidates have now filed their candidacies, and answers were received from 1,257 candidates.

In campaigning for the 2005 general election, Liberal Democratic Party candidates advocated reform-oriented economic policy measures that weighed market mechanisms. This time, however, LDP candidates tend to insist on increasing public spending unlike before. This stance is poles apart from that at the time of the last general election.

Among LDP candidates, a total of 90% answered "yes" when asked if they thought the government should spend more from its fiscal budget on economic stimulus measures instead of constraining its spending to aim for a fiscal turnaround. The figure was up more than 70 points from the last survey. This reflects strong calls for job security through more public investments.

In the meantime, the economic policy standpoints of candidates running on the Democratic Party of Japan's ticket were also more inclined toward public spending but remained almost neutral. When it comes to public spending, the difference between the LDP and the DPJ

is even more pronounced than in the 2005 election.

5) Poll: Majority backs DPJ policies

TOKYO SHIMBUN (Page 1) (Abridged)  
August 19, 2009

TOKYO 00001910 004 OF 011

On Aug. 14-16 the Tokyo Shimbun conducted a questionnaire survey of its readers on the manifestos (campaign pledges) of various political parties for the now-announced general election for the House of Representatives. There were responses from a total of 1,184 persons. In the poll, respondents were asked about policy issues in connection with employment, the pension and the healthcare systems, and economic stimulus measures. In all three of these policy areas, the Democratic Party of Japan's positions were supported by more than half of those polled. This shows that the DPJ is gaining momentum with its specific policies as well.

In the poll, respondents were asked about the policy standpoints of the Liberal Democratic Party (LDP) and of the DPJ. Readers responded by cell phone, Internet, and fax.

The biggest gap between support for the LDP and for the DPJ was seen in their positions on the pension system. The DPJ insists on establishing a new system that guarantees minimum pensions and pays pensions in proportion to income. This DPJ policy gained support from 60.3%. Meanwhile, the LDP garnered support from only 24% for its advocacy of enhancing the current pension system.

In the breakdown of support for political parties, 19.8% of respondents supported the LDP, 41.9% the DPJ, 4.4% the Japanese Communist Party, 2.8% the New Komeito Party, and 1.5% the Social Democratic Party.

6) DPJ popular among those in their 30s and over, LDP leading among those in their 20s and under

TOKYO SHIMBUN (Page 2) (Abridged)  
August 19, 2009

The Democratic Party of Japan is highly popular among those in their thirties and over while the Liberal Democratic Party appears to be catching on more with younger generations in their twenties and under, the Tokyo Shimbun found from its survey of readers. However, those in support of the LDP are not positive supporters for the LDP and there were many opinions and criticism about the DPJ.

In the survey, respondents were asked about the respective manifestos or campaign pledges of the LDP and the DPJ over policy issues concerning job security, pension and healthcare systems, and economic stimulus measures. In all three policy areas, the DPJ outdistanced the LDP among those in their thirties and over. Among those in their twenties and under, the LDP edged out the DPJ.

ELECTION CAMPAIGN BEGINS

7) 1,374 candidates running in House of Representatives election

YOMIURI (Top play) (Full)  
August 19, 2009

The start of the official campaign for the 45th House of Representatives election, where the main issue is "choice of administration," was announced on August 18, and the final count of candidates is 1,374. Leaders and senior officials of the political parties kicked off the campaign at various locations in the country, and a heated debate has begun on a wide variety of issues, including whether the current administration should continue, economic

TOKYO 00001910 005 OF 011

stimulation, support for livelihoods, and administrative organization, in the run-up to election day on August 30.

Voting on August 30

Party leaders appealed for support by making stump speeches on street corners and appearing on TV.

Prime Minister Taro Aso (Liberal Democratic Party (LDP) president) made stump speeches in Higashimuraya City, Kita Ward, and Nerima Ward in Tokyo on the afternoon of August 18. He cited the fact that the real GDP growth rate has gone up for the first time in five quarters to emphasize his achievement, saying: "Our economic policies have been successful. We will continue to implement economic stimulation measures." He called for support using the keyword "protection (mamoru)" - "protection of Japan" in terms of the economy, livelihood, and security. He appeared on a NHK TV program in the evening and criticized the "child allowance" and other policies listed in the manifesto of the Democratic Party of Japan (DPJ). He said: "These are pork-barrel and socialist policies. They do not constitute a growth strategy."

Meanwhile, DPJ President Yukio Hatoyama campaigned in Toyohashi City, Aichi Prefecture, Shizuoka City, and Yokohama City in the afternoon before returning to Tokyo. He called for "an end to the politics of inertia" and appealed repeatedly for "new politics not relying on the bureaucrats." Appearing on the same NHK program with Aso, Hatoyama emphasized that the DPJ's manifesto "will be implemented without fail" and told the voters to "trust the reliability of the manifesto." He said they "should not pay any attention" to the ruling parties' growing criticism of the DPJ for lack of revenue sources to back its policies.

The deadline for filing candidacy in the Lower House election was at 5:00 p.m. on August 18. A total of 1,139 candidates are running in the single-seat districts (totaling 300), while 888 are running on the proportional representation tickets in the 11 blocs nationwide (235 running on the proportional representation tickets alone, while 653 are also running as single-seat district candidates). The total number of all candidates is 1,374. The number of candidates had been on the decline in the four Lower House elections held since the current electoral system was introduced in 1994. However, there has been an increase this time because the new Happiness Realization Party is fielding a total of 337 candidates, 288 candidates in the single-seat constituencies and 49 candidates on the proportional representation ticket. This has resulted in an increase of the total number of candidates over the 1,131 in the last election.

8) Number of qualified voters increases by 986,000; Disparity in weight of one vote widens

ASAHI (Page 4) (Full)  
August 19, 2009

The Ministry of Internal Affairs and Communications announced on August 18 the number of registered voters as of August 17. The total number of qualified voters is 104,235,718, of which 50,407,096 are men, and 53,828,622 are women. Adding the registered voters casting their votes from overseas, the grand total is 104,344,165, representing an increase of 986,963 voters from the general election in 2005.

TOKYO 00001910 006 OF 011

The fourth district of Chiba has the highest number of voters at 489,437, while the third district of Kochi has the fewest voters at 212,376. There is a 2.30-fold disparity of the weight of one vote in these two constituencies, which means the disparity has widened further from the maximum of 2.17-fold disparity in the last election. A total of 46 constituencies have over a 2-fold disparity. The total number of overseas voters is 108,447, of which 54,377 are men and 54,070 are women. This is an increase of 25,440 from the number last time.

9) Aso says he will stay in office if ruling bloc wins election, admits his gaffes caused loss of trust in LDP

ASAHI (Page 4) (Full)

August 19, 2009

On August 17 Prime Minister Taro Aso (Liberal Democratic Party (LDP) president) gave an interview to Asahi Shimbun and other media outlets in which he said that "if the ruling parties win a majority of seats in the upcoming general election, the administration will be maintained," indicating a strong desire to stay in office. He added that if his administration continues, a second FY09 supplementary budget will be considered as an additional economic stimulation measure.

Aso refrained from defining his criterion for the ruling bloc's victory in the election, saying "it is inappropriate to cite numbers," but stated unequivocally that if the LDP and New Komeito win a majority of seats, "this will mean that we continue to have a mandate." He also said, "I think if the economy loses steam, a second supplementary budget will have to be compiled."

Meanwhile, commenting on the decline in the LDP's support rating, Aso said, "My statements and the discord in the LDP caused a loss of trust among LDP supporters, party members and sympathizers, and the voters," admitting that his own words and actions contributed to the sagging approval ratings.

Aso said that he had "no regrets" about not dissolving the House of Representatives shortly after convening the extraordinary Diet session in fall 2008. He stressed that "giving priority to the economy and economic stimulation over political maneuvering was the correct choice in the sense of protecting the people's livelihood."

Following is the gist of the interview with Aso:

**Q:** What will be your criterion for victory in the general election? If the ruling parties fail to win a majority of seats, how will you take responsibility?

**Aso:** Right now, my colleagues are campaigning very hard. It is inappropriate to cite numbers. I cannot talk on the assumption of defeat. If the ruling parties win a majority of seats, the administration will be maintained. This will mean that we continue to have a mandate.

**Q:** If your administration continues, will you think about additional economic stimulation measures or compiling a second supplementary budget?

**Aso:** At this point, we do not know what will happen from September. However, if the economy loses steam, I think a second supplementary

TOKYO 00001910 007 OF 011

budget should be compiled.

**Q:** What is the main reason for the decline in the LDP's support rating?

**Aso:** My statements and the discord in the LDP caused a loss of trust among LDP supporters, party members and sympathizers, and the voters. This is a major reason for the sagging approval ratings.

**Q:** You talk about "breaking away from excessive domination by market mechanisms." How do you propose to do that?

**Aso:** The IT and other sectors have been successful through reforms and deregulation. However, excessive deregulation has resulted in regional and income disparities. Significant cuts in tax grants to the local governments have impoverished many local communities. I think we need to reflect on the fact that the weak suffer from the consequences and should do something to correct this.

**Q:** Do you think you should have dissolved the Diet for a general election shortly after the financial crisis last fall?

**Aso:** No I don't. If I had dissolved the Diet and had not implemented economic stimulation measures, economic indicators (showing a positive growth in GDP) would not have been possible. It was the correct choice in the sense that we gave priority to policy in order

to protect the people's livelihood.

Q: You claim that (the LDP's) difference with the Democratic Party of Japan (DPJ) is in economic growth strategy. Can you explain that? What do you think of the DPJ's plan to form a coalition with the Social Democratic Party (SDP) and the People's New Party?

Aso: The proposals to make expressways toll free or hand out a child allowance are not policies but pork under another name. The DPJ and the SDP do not see eye to eye on security. I think it will be extremely difficult to form a (coalition) government without a consensus on security, which is the very foundation of the state.

10) LDP fielding hereditary and senior candidates, DPJ fielding newcomers and women as candidates for upcoming general election

SANKEI (Page 5) (Excerpts)  
August 19, 2009

A total of 1,374 people filed to run for the Aug. 30 House of Representatives election. Of the candidates running on the Liberal Democratic Party (LDP) ticket, one-third are running for seats held by their parents. There are many senior lawmakers among the LDP candidates. In contrast, the number of newcomer candidates of the Democratic Party of Japan (DPJ) is four times that of the LDP, and the number of the DPJ's female candidates greatly exceeds the LDP's.

Record high number of woman candidates

A total of 229 women - 16.7% of the total candidates and a record high - are running in the general election. A total of 147 women ran in the previous Lower House election held in 2005. In the past, a record number of 202 female candidates filed in the 2000 general election. The Happiness Realization Party's 73 woman candidates contributed to increasing the number of female candidates. At the

TOKYO 00001910 008 OF 011

same time, another main reason for the high number is that the DPJ actively filed 46 woman candidates, double the 24 it had fielded in the previous poll. DPJ Deputy President Ichiro Ozawa aims to secure votes from nonaligned voters by fielding woman candidates against heavyweights of the ruling parties in single-seat districts. The LDP filed 27 female candidates, up one from the 2005 election.

Number of DPJ newcomers is four times higher than LDP

Another feature of this election is that the number of new DPJ candidates greatly exceeded that of the LDP. The DPJ fielded 114 candidates in single-seat districts, while the DPJ filed 28. The number of LDP candidates running in the proportional representation segment (including combined candidates) is 42, while that of the DPJ candidates is 164.

The LDP had filed 124 newcomers in single-seat constituencies and the proportional representation blocs in the previous election, giving birth to many "Koizumi children." But it put up only 43 this time. This is because it won a huge victory in the 2005 election and there were no vacant district seats.

LDP hereditary candidates account for one-third of entire LDP hopefuls

The LDP filed 326 candidates, while the DPJ put up 330. If hereditary candidates are defined as those who will take over the electoral turf (completely or partially) of their relatives who are Diet members and those whose parents are Diet members even though they are not taking over the electoral turf, the LDP filed 109 such candidates or 33.4% of the entire candidates, while the DPJ's hereditary candidates comprise 32 or 9.7% of the party's 330 candidates.

Breaking down the bureaucratic system?

A total of 98 candidates filed by the six major political parties are former central and local government officials. The 98 candidates

are made up of 54 LDP candidates and 34 DPJ hopefuls. In the previous election, the LDP put up 57, while the DPJ filed 25. Although the DPJ asserts that it will abolish the bureaucratic system, the way of bureaucrats becoming Diet members will likely to shift from the LDP to the DPJ.

#### Proportional representation segment

The DPJ filed 59 candidates in the proportional representation section of the ballot, while the LDP put up 37.

The number of candidates running only in the proposal representation blocs was 235, up 92 from the previous race.

11) Bureaucrats have less resistance to running in Aug. 30 election on DPJ ticket

MAINICHI (Page 5) (Full)  
August 19, 2009

Among the fresh candidates for the Aug. 30 House of Representatives election, 28 bureaucrats, two more than in the previous Lower House election in 2005, are included. Moreover, 16 of them are running on the Democratic Party of Japan (DPJ) ticket and eight are running on

TOKYO 00001910 009 OF 011

the Liberal Democratic Party (LDP) ticket. This is the first time that number of candidates on the DPJ ticket is larger than the number running on the LDP ticket.

Among the LDP candidates, a number of former lawmakers are included, so there was little room for such candidates to run on the party ticket. In addition, the bureaucrats apparently had less resistance to choosing the DPJ because the two-party system is becoming more pronounced and major policy differences between the LDP and the DPJ are not evident.

The number of candidates from government agencies, backed by the DPJ ticket, was three in 1996, five in 2000, eight in 2003, and 11 in 2005. Meanwhile, the number of such candidates backed by the LDP was 15 in 1996, 11 in 2000, 10 in 2003, and 13 in 2005.

In terms of the government agencies the candidates are from, in the case of the DPJ, three candidates are from the Ministry of Internal Affairs and Communications, the Finance Ministry, and the Ministry of Economy, Trade and Industry (METI) each and two are from the Ministry of Land, Infrastructure, Transport and Tourism. Of the LDP candidates, three are from METI, and five are from the Finance Ministry and other government agencies.

12) Average age of candidates 50.7

MAINICHI (Page 5) (Abridged)  
August 19, 2009

Because 296 Liberal Democratic Party (LDP) candidates won seats in the 2005 House of Representatives election, a high percentage (86%) of its candidates in the upcoming election were Diet members until the Lower House's dissolution on July 21. It is fielding four former lawmakers (1%) and 43 newcomers (13%) in the August 30 general election. The Democratic Party of Japan (DPJ) fielded 113 candidates (34%) who were Lower House members until last month, 53 former Diet members (16%), and 164 newcomers (50%).

A total of 1,503 people ran in the 1996 when the mixed electoral system of single-seat and proportional representation constituencies was introduced for Lower House elections. The number of candidates to run in general elections has been decreased since 1996. Because such minor parties as the Happiness Realization Party fielded 348 candidates this time, a total of 1,374 people are running in the Aug. 30 election.

The average age of all candidates is 50.7. The average ages of male and female candidates are 50.9 and 49.4 years. The average age of LDP candidates is 55.5, while that of the DPJ candidates is 49.3.

13) Naoki Tanaka join DPJ parliamentary group

MAINICHI (Page 5) (Excerpts)  
August 19, 2009

The parliamentary group of the Democratic Party of Japan (DPJ) and the People's New Party (PNP) in the House of Councillors informed the Upper House Secretariat yesterday that Naoki Tanaka has joined the DPJ.

14) DPJ candidate lists carry strong Ozawa policy imprint

TOKYO 00001910 010 OF 011

YOMIURI (Page 2) (Abridged)  
August 19, 2009

The Democratic Party of Japan (DPJ) unveiled yesterday proportional representation lists for the Aug. 30 House of Representatives election that were compiled under the strong leadership of Deputy President Ichiro Ozawa, who is responsible for the party's election campaigning, renewing the impression that Ozawa is still wielding significant influence in the party. The "Ozawa lists" have stirred strong concern inside and outside the DPJ about Ozawa's influence in the event of the launch of a DPJ administration.

On the afternoon of August 17 Ozawa held talks with President Yukio Hatoyama, Secretary General Katsuya Okada, and other DPJ executives in which he was given a free hand in determining the rankings of DPJ candidates running in the proportional representation section. Consequently, Ozawa worked hard to determine the rankings of one place in Tokyo. But he encountered complications, and the DPJ decided at one point to postpone the announcement of its proportional representation lists until after August 17. But some said that posting the party's lists on its website after the public announcement of the election might be a violation of the Public Offices Election Law regulating the posting of documents. As a result, the party decided before dawn yesterday to unveil just the lists of candidates running only in the proportional representation section without specifying their rankings.

Ozawa did not determine all the rankings until around 3 a.m. yesterday. Party officials finally completed a set of procedures, such as prescreening of the documents to be filed with the Internal Affairs and Communications Ministry, around 7 a.m.

The lists bear the stamp of Ozawa's policies.

15) Hatoyama: SDP and PNP to join new cabinet

YOMIURI (Page 2) (Abridged slightly)  
August 19, 2009

Democratic Party of Japan (DPJ) President Yukio Hatoyama, appearing on an NHK news program yesterday, indicated that it is naturally desirable for the Social Democratic Party (SDP) and the People's New Party (PNP) to join a new cabinet and form a coalition administration if the DPJ takes power. Hatoyama remarked, apropos of a hike in the consumption tax, that "a minimum pension benefit system (which the DPJ advocates) will be totally covered by tax revenues. The system will be shifted in 20 years' time, so the consumption tax must be hiked 20 years from now. Discussion must be conducted at the halfway point, 10 years later." Hatoyama indicated that for the time being there is no need to discuss the issue.

16) 70% of firms think economy is point at issue

YOMIURI (Page 2) (Abridged slightly)  
August 19, 2009

The Yomiuri Shimbun conducted a survey of major Japanese companies on August 18 to coincide with the public announcement of the August 30 House of Representatives election, asking about points at issue in the election. Valid answers (multiple answers accepted) came from 61 companies. Forty-two companies, 69% of the total, cited "economic stimulus measures." This was followed by "social security reform"

(36 firms; 59%) and a "growth strategy" (27 firms; 44%). Although it is said that the economy has bottomed out, the responses show that economic stimulus measures are still a top concern of corporations.

Asked about the controversial issue of hiking the consumption tax rate, 23 companies (38%) said a hike is inevitable but should be implemented after economic recovery is achieved, and 22 firms (36%) replied that the rate should be raised after the government made a maximum effort to cut spending. The former is close to the Liberal Democratic Party's view and the latter to the Democratic Party of Japan's. A total of 77% firms gave answers in favor of a hike, including two (3%) that replied the rate should be raised at an early date.

17) WTO issues report in favor of Japan's assertion on U.S.'s methodology for calculating dumping margins

NIKKEI (Page 5) (Slightly abridged)  
August 19, 2009

The World Trade Organization (WTO) on Aug. 18 issued a report that completely accepts Japan's claim against the U.S.'s methodology for calculating dumping margins. The report shows that the methodology does not comply with WTO rules and that the U.S. has not implemented its recommendations. In the event that the U.S. fails to correct its practices, Japan will be able to raise its tariffs as a countermeasure.

Japan has complained of the U.S.'s "zeroing" methodology for calculating dumping margins. Based on this methodology, the U.S. has imposed unreasonably high tariffs on bearings imported from Japan. Japan estimates that Japanese firms have suffered losses amounting to 28 billion yen due to this practice.

Japan brought this issue into a dispute settlement panel of the WTO in November 2004. The ruling handed down this time allows Japan to take similar countermeasures against the U.S. if it refuses to correct the zeroing methodology, although Japan will not be able to retrieve the losses it has already suffered.

ZUMWALT